

Fiscal Services Division

Legislative Services Agency

Fiscal Note

SF 259 - Foster Care Children - Community College Education (LSB 1063 SV)
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Fiscal Note Version – New

Description

Senate File 259 establishes an Iowa Foster Care Education and Training Program to be administered by the Iowa College Student Aid Commission. The Commission is directed to cooperate with the Department of Human Services (DHS) to develop and implement the Program. The Program provides financial assistance for postsecondary education for children that age out of foster care (turn 18 while in foster care), children in foster care that are legally adopted after age 16, and eligible children released from the State Training School in Eldora or the Juvenile Home in Toledo.

Background

There is a very similar federally-funded Program entitled the Iowa Education & Training Voucher (ETV) Grant Program. The ETV Program serves basically the same population that would be served by the Program established in Senate File 259. The ETV Program receives approximately \$470,000 of federal funds annually and currently provides assistance to 110 students. Of the current 110 recipients, seven (6.4%) attend beauty/barber schools, 68 (61.8%) attend community colleges; 21 (19.1%) attend private colleges; and 14 (12.7%) attend Regents universities.

According to the DHS, approximately 500 children age out of out of home placement (foster care) each year. Of those, approximately 325 (65.0%) have a high school diploma or GED, and approximately 100 choose to pursue postsecondary education.

Two key differences exist between the current ETV Program and the Program established in SF 259. These are:

- Cap on amount of assistance provided. The ETV Program caps the annual amount that can be received to \$3,000 per year for freshmen, \$4,000 for sophomores, and \$5,000 for juniors and seniors.
- Eligible children. The ETV Program currently does not provide assistance to children released from the State Training School or Juvenile Home.

The DHS has estimated approximately 24 students released from the State Training School and Juvenile Home each year would be eligible for benefits.

Assumptions

- The Program established in SF 259 will be coordinated with the existing federal ETV Program and other financial aid assistance, such as Pell Grants, Tuition Grants, etc., so that State funds will be impacted only when other sources of funds have been exhausted.
- Average cost of attendance would be as follows (this includes tuition and fees, housing, books, transportation, child care, and certain other education expenses):
 - \$28,000 for private college
 - \$16,000 for Regents universities
 - \$11,000 for community colleges
 - \$11,000 for all other training/school programs

- Number of participants in the program would grow at a rate of 10.0% of the federal ETV program.
- All students would qualify for the maximum Pell Grant of \$4,000.
- Students at private colleges would qualify for the maximum tuition grant of \$4,000.
- Students at community colleges would qualify for the maximum Voc Tech Grant of \$1,200.
- Students would qualify for the maximum Iowa Grant of \$1,000.

Fiscal Impact

Given the assumptions above, the estimated cost of the Iowa Foster Care Education and Training Program for FY 2008 will be approximately \$675,000. The cost for FY 2009, if the number of eligible students increases by 10.0%, will be approximately \$770,000.

If the number of participants in the Iowa Foster Care Education and Training Program grows at a rate similar to that of the ETV Program, the potential cost to the State would increase. In the three years the ETV Program has been in existence, the growth rates have been as follows:

- School Year 2004 – 2005 = 53 participants
- School Year 2005 – 2006 = 87 participants (68 new and 19 renewal) – an overall increase of 64.2%
- School Year 2006 – 2007 = 110 participants (59 new and 51 renewal) – an overall increase of 26.4%

The cost of the Program is also impacted by the cost of the type of school attended. The cost estimates above assume the allocation of the number of participants attending the various types of school will remain the same as the percentage allocation for the current students.

The Bill requires the College Student Aid Commission to administer the Program in a manner to restrict assistance to funding available.

Sources

Department of Human Services
College Student Aid Commission

/s/ Holly M. Lyons

February 26, 2007

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
